
HOUSE BILL 2550

State of Washington

57th Legislature

2002 Regular Session

By Representatives McIntire, Benson, Santos and Kenney; by request of Insurance Commissioner

Read first time 01/21/2002. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to the process of applying for a license or
2 solicitation permit from the insurance commissioner; amending RCW
3 48.06.040, 48.17.090, 48.15.070, 48.56.030, and 48.102.015; and
4 declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 48.06.040 and 1967 c 150 s 6 are each amended to read
7 as follows:

8 To apply for a solicitation permit the person shall:

9 (1) File with the commissioner a request (~~therefor~~) showing(~~(7)~~):

10 (a) Name, type, and purpose of insurer, corporation, or syndicate
11 proposed to be formed;

12 (b) Names, addresses, fingerprints for submission to the Washington
13 state patrol, the federal bureau of investigation, and any governmental
14 agency or entity authorized to receive this information for a state and
15 national criminal history background check, and business records of
16 each person associated or to be associated in the formation of the
17 proposed insurer, corporation, or syndicate;

18 (c) Full disclosure of the terms of all understandings and
19 agreements existing or proposed among persons so associated relative to

1 the proposed insurer, corporation, or syndicate, or the formation
2 thereof;

3 (d) The plan according to which solicitations are to be made; and
4 (e) ~~((such))~~ Additional information as the commissioner may
5 reasonably require.

6 (2) File with the commissioner(~~(7)~~):

7 (a) Original and copies in triplicate of proposed articles of
8 incorporation, or syndicate agreement; or, if the proposed insurer is
9 a reciprocal, original and duplicate of the proposed subscribers'
10 agreement and attorney in fact agreement;

11 (b) Original and duplicate copy of any proposed bylaws;

12 (c) Copy of any security proposed to be issued and copy of
13 application or subscription agreement (~~(therefor))~~ for that security;

14 (d) Copy of any insurance contract proposed to be offered and copy
15 of application (~~(therefor))~~ for that contract;

16 (e) Copy of any prospectus, advertising, or literature proposed to
17 be used; and

18 (f) Copy of proposed form of any escrow agreement required.

19 (3) Deposit with the commissioner the fees required by law to be
20 paid for the application including fees associated with the state and
21 national criminal history background check, for filing of the articles
22 of incorporation of an insurer, for filing the subscribers' agreement
23 and attorney in fact agreement if the proposed insurer is a reciprocal,
24 for the solicitation permit, if granted, and for filing articles of
25 incorporation with the secretary of state.

26 **Sec. 2.** RCW 48.17.090 and 2001 c 56 s 1 are each amended to read
27 as follows:

28 (1) Application for ~~((any such))~~ a license to be an agent, broker,
29 solicitor, or adjuster shall be made to the commissioner upon forms
30 ~~((as prescribed and))~~ furnished by the commissioner. As a part of or
31 in connection with any such application, the applicant shall furnish
32 information concerning his or her identity, including fingerprints for
33 submission to the Washington state patrol, the federal bureau of
34 investigation, and any governmental agency or entity authorized to
35 receive this information for a state and national criminal history
36 background check, personal history, experience, business record,
37 purposes, and other pertinent facts, as the commissioner may reasonably
38 require.

1 (2) Persons resident in the United States but not in Washington may
2 apply for such a license on a form prepared by the national association
3 of insurance commissioners or others, if those forms are approved by
4 the commissioner by rule. An applicant shall also furnish any other
5 information required to be submitted but not provided for in that form.

6 (3) Any person willfully misrepresenting any fact required to be
7 disclosed in any such application shall be liable to penalties as
8 provided by this code.

9 (4) If in the process of verifying fingerprints under subsection
10 (1) of this section, business records, or other information the
11 commissioner's office incurs fees or charges from another governmental
12 agency or from a business firm, the amount of such fees or charges
13 shall be paid to the commissioner's office by the applicant (~~and shall~~
14 ~~be considered the recovery of a previous expenditure~~)).

15 **Sec. 3.** RCW 48.15.070 and 1994 c 131 s 3 are each amended to read
16 as follows:

17 Any individual while a resident of this state, or any firm or any
18 corporation that has in its employ a qualified individual who is a
19 resident of this state and who is authorized to exercise the powers of
20 the firm or corporation, deemed by the commissioner to be competent and
21 trustworthy, and while maintaining an office at a designated location
22 in this state, may be licensed as a surplus line broker in accordance
23 with this section.

24 (1) Application to the commissioner for the license shall be made
25 on forms furnished by the commissioner. As part of, or in connection
26 with, this application, the applicant shall furnish information
27 concerning his or her identity, including fingerprints for submission
28 to the Washington state patrol, the federal bureau of investigation,
29 and any governmental agency or entity authorized to receive this
30 information for a state and national criminal history background check;
31 personal history; experience; business records; purposes; and other
32 pertinent information, as the commissioner may reasonably require.

33 (2) The license shall expire if not timely renewed. Surplus line
34 brokers licenses shall be valid for the time period established by the
35 (~~commission~~) commissioner unless suspended or revoked at an earlier
36 date.

37 (3) Prior to issuance of license the applicant shall file with the
38 commissioner a bond in favor of the state of Washington in the penal

1 sum of twenty thousand dollars, with authorized corporate sureties
2 approved by the commissioner, conditioned that he or she will conduct
3 business under the license in accordance with the provisions of this
4 chapter and that he or she will promptly remit the taxes provided by
5 RCW 48.15.120. The licensee shall maintain such bond in force for as
6 long as the license remains in effect.

7 (4) Every applicant for a surplus line broker's license or for the
8 renewal of a surplus line broker's license shall file with the
9 application or request for renewal a bond in favor of the people of the
10 state of Washington, executed by an authorized corporate surety
11 approved by the commissioner, in the amount of one hundred thousand
12 dollars and shall be the bonding requirement for new licensees. The
13 licensee shall maintain such bond in force while so licensed. The bond
14 may be continuous in form, and total aggregate liability on the bond
15 may be limited to the amount stated in the bond. The bond shall be
16 contingent on the accounting by the surplus line broker to any person
17 requesting such broker to obtain insurance, for moneys or premiums
18 collected in connection therewith. A bond issued in accordance with
19 RCW 48.17.250 or with this subsection will satisfy the requirements of
20 both RCW 48.17.250 and this subsection if the limit of liability is not
21 less than the greater of the requirement of RCW 48.17.250 or the
22 requirement of this subsection.

23 (5) Any bond issued pursuant to subsection (3) or (4) of this
24 section shall remain in force until the surety is released from
25 liability by the commissioner, or until the bond is canceled by the
26 surety. Without prejudice to any liability accrued prior to such
27 cancellation, the surety may cancel the bond upon thirty days' advance
28 notice in writing filed with the commissioner.

29 (6) If in the process of verifying fingerprints under subsection
30 (1) of this section, business records, or other information the
31 commissioner's office incurs fees or charges from another governmental
32 agency or from a business firm, the amount of the fees or charges shall
33 be paid to the commissioner's office by the applicant.

34 (7) For the purposes of this section, a "qualified individual" is
35 a natural person who has met all the requirements that must be met by
36 an individual surplus line broker.

37 **Sec. 4.** RCW 48.56.030 and 1969 ex.s. c 190 s 3 are each amended to
38 read as follows:

1 (1) No person shall engage in the business of financing insurance
2 premiums in the state without first having obtained a license as a
3 premium finance company from the commissioner. Any person who shall
4 engage in the business of financing insurance premiums in the state
5 without obtaining a license as provided hereunder shall, upon
6 conviction, be guilty of a misdemeanor and shall be subject to the
7 penalties provided in this chapter.

8 (2)(a) Application to the commissioner for the license shall be
9 made on forms furnished by the commissioner. As part of, or in
10 connection with, this application, the applicant and, at the
11 commissioner's discretion, any or all stockholders, directors,
12 partners, officers, and employees of the business shall furnish
13 information concerning his or her identity, including fingerprints for
14 submission to the Washington state patrol, the federal bureau of
15 investigation, and any governmental agency or entity authorized to
16 receive this information for a state and national criminal history
17 background check; personal history; experience; business records;
18 purposes; and other pertinent information, as the commissioner may
19 reasonably require.

20 (b) The annual license fee shall be one hundred dollars. Licenses
21 may be renewed from year to year as of the first day of May of each
22 year upon payment of the fee of one hundred dollars. The fee for
23 (~~said~~) the license shall be paid to the insurance commissioner.

24 (3) The person to whom the license or the renewal (~~thereof~~) may
25 be issued shall file sworn answers, subject to the penalties of
26 perjury, to such interrogatories as the commissioner may require. The
27 commissioner shall have authority, at any time, to require the
28 applicant (~~fully~~) to disclose fully the identity of all stockholders,
29 directors, partners, officers, and employees and (~~he~~) may, in his or
30 her discretion, refuse to issue or renew a license in the name of any
31 firm, partnership, or corporation if he (~~is not satisfied~~) or she
32 finds that any officer, employee, stockholder, or partner (~~thereof~~)
33 who may materially influence the applicant's conduct (~~meets~~) does not
34 meet the standards of this chapter.

35 (4) This section shall not apply to any savings and loan
36 association, bank, trust company, (~~small loan company,~~) consumer loan
37 company, industrial loan company or credit union authorized to do
38 business in this state but RCW 48.56.080 through 48.56.130 and any
39 rules (~~promulgated~~) adopted by the commissioner pertaining to such

1 sections shall be applicable to such organizations, if otherwise
2 eligible, under all premium finance transactions wherein an insurance
3 policy, other than a life or disability insurance policy, or any rights
4 thereunder is made the security or collateral for the repayment of the
5 debt, however, neither this section nor the provisions of this chapter
6 shall be applicable to the inclusion of insurance in a retail
7 installment transaction or to insurance purchased in connection with a
8 real estate transaction, mortgage, deed of trust, or other security
9 instrument or an insurance company authorized to do business in this
10 state unless the insurance company elects to become a licensee.

11 (5) If in the process of verifying fingerprints under subsection
12 (2) of this section, business records, or other information the
13 commissioner's office incurs fees or charges from another governmental
14 agency or from a business firm, the amount of the fees or charges shall
15 be paid to the commissioner's office by the applicant.

16 **Sec. 5.** RCW 48.102.015 and 1995 c 161 s 3 are each amended to read
17 as follows:

18 (1) The commissioner may suspend, revoke, or refuse to issue or
19 renew the license of any viatical settlement broker or viatical
20 settlement provider if the commissioner finds that:

21 (a) There was any misrepresentation, intentional or otherwise, in
22 the application for the license or for renewal of a license;

23 (b) The applicant for, or holder of any such license, is or has
24 been subject to a final administrative action for being, or is
25 otherwise shown to be, untrustworthy or incompetent to act as either a
26 viatical settlement broker or a viatical settlement provider;

27 (c) The applicant for, or holder of any such license, demonstrates
28 a pattern of unreasonable payments to viators;

29 (d) The applicant for, or holder of any such license, has been
30 convicted of a felony or of any criminal misdemeanor of which criminal
31 fraud is an element; or

32 (e) The applicant for, or holder of any such license, has violated
33 any provision of this title.

34 (2) The commissioner may (~~from time to time~~) require an applicant
35 or the holder of any license issued under this chapter to supply
36 current information on the identity or capacity of stockholders,
37 partners, officers, and employees, including but not limited to the
38 following: Fingerprints, personal history, business experience,

1 business records, and any other information which the commissioner may
2 require. If required, the applicant or licensee shall furnish his or
3 her fingerprints for submission to the Washington state patrol, the
4 federal bureau of investigation, and any governmental agency or entity
5 authorized to receive this information for a state and national
6 criminal history background check.

7 (3) Before the commissioner suspends or revokes any license issued
8 under this chapter, (~~or refuses to issue any such license,~~) the
9 commissioner shall conduct a hearing, if the applicant or licensee
10 requests this in writing. The hearing shall be in accordance with
11 chapters 34.05 and 48.04 RCW.

12 (4) After a hearing or with the consent of any party licensed under
13 this chapter and in addition to or in lieu of the suspension,
14 revocation, or refusal to renew any license under this chapter, the
15 commissioner may levy a fine upon the viatical settlement provider in
16 an amount not more than ten thousand dollars, for each violation of
17 this chapter. The order levying the fine shall specify the period
18 within which the fine shall be fully paid, and that period shall not be
19 less than fifteen nor more than thirty days from the date of the order.
20 Upon failure to pay the fine when due, the commissioner may revoke the
21 license if not already revoked, and the fine may be recovered in a
22 civil action brought in behalf of the commissioner by the attorney
23 general. Any fine so collected shall be deposited into the general
24 fund.

25 (5) If in the process of verifying fingerprints under subsection
26 (2) of this section, business records, or other information the
27 commissioner's office incurs fees or charges from another governmental
28 agency or from a business firm, the amount of the fees or charges shall
29 be paid to the commissioner's office by the applicant or licensee.

30 NEW SECTION. Sec. 6. This act is necessary for the immediate
31 preservation of the public peace, health, or safety, or support of the
32 state government and its existing public institutions, and takes effect
33 immediately.

--- END ---